DOCUMENT RESUME

ED 396 431 EA 027 668

| | |
|---|---|
| AUTHOR | Riley, Richard W. |
| TITLE | Testimony of Secretary Richard W. Riley on the Fiscal Year 1996 Budget for the Department of Education before the Senate Subcommittee on Appropriations for Labor, Health & Human Services, and Education and Related Agencies. |
| INSTITUTION | Department of Education, Washington, DC. Office of the Secretary. |
| PUB DATE | 5 Mar 96 |
| NOTE | 7p.; Version downloaded from Department of Education Homepage: http://www.ed.gov/speeches/03-1996/test-305.html |
| PUB TYPE | Legal/Legislative/Regulatory Materials (090) |
| EDRS PRICE | MF01/PC01 Plus Postage. |
| DESCRIPTORS | Budgeting; *Budgets; Educational Economics; *Educational Finance; Elementary Secondary Education; Federal Government; *Federal Programs; *Financial Exigency; Financial Needs; Program Termination; *Resource Allocation; Retrenchment |
| IDENTIFIERS | *Department of Education |

ABSTRACT

This document contains the testimony of Richard W. Riley, Secretary of Education, on the fiscal year 1996 budget for the Department of Education (DOE), made before the Senate Subcommittee on Appropriations for Labor, Health and Human Services, and Education and Related Agencies. The lack of appropriation has two major effects on the DOE and its customers: it impedes planning and threatens large cuts in educational services. The current budget system has also undermined the longstanding practice of forward-funding DOE programs. Title I Grants to Local Educational Agencies would lose 1.1 billion dollars, or 17 percent, under the 1996 House appropriations bill. Reductions in Title I would also undermine the Goals 2000 and School-to-Work programs. The Senate and House committee bills would cut funding for the Safe and Drug-Free Schools program by 60 percent. The proposed budget would also directly affect classrooms, because staff and administrative spending have already been reduced. The Secretary requested at least $446 million for raising academic standards through Goals 2000, $7.3 billion for improving basic skills through Title I, and $466 million for Safe and Drug-Free Schools. (LMI)

**********
* Reproductions supplied by EDRS are the best that can be made *
* .from the original document. *
**********

EP

*Speeches and Testimony*

ED 396 431

# Testimony of Secretary Richard W. Riley on the Fiscal Year 1996 Budget for the Department of Education before the Senate Subcommittee on Appropriations for Labor, Health & Human Services, and Education and Related Agencies

**March 5, 1996**

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)
✓ This document has been reproduced as received from the person or organization originating it.
☐ Minor changes have been made to improve reproduction quality.
• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

Mr. Chairman and Members of the Subcommittee:

Thank you for this opportunity to report to the Congress on the impact that the absence of a budget agreement is having on our schools, and to inform you of the President's priorities as you begin work on finalizing fiscal year 1996 funding for the Department of Education.

I have been concerned for some time that because of the forward-funded nature of most of the Department of Education's programs, the reassuring sound of the phrase "continuing resolution," and the ongoing budget negotiations, many people do not yet understand the real pain that our schools will begin to feel in a very short time unless a reasonable agreement is reached on a full-year appropriation for the Department.

I know that the members of this Subcommittee are well aware of this potentially dire situation. In particular, I know that Chairman Hatfield and Chairman Specter, as well as the Ranking Member, Senator Harkin, are strong supporters of education who have always worked hard to find the resources to meet the needs of our students, schools, and colleges. I would add that never has there been greater need for a commitment to education than in the difficult budget situation that we face today.

## Lack of Appropriation Hurts Planning, Threatens Large Cuts

The current budget situation has two major effects on the Department of Education and its customers that are creating great concern both within the agency and in the education community. First, the uncertainty about funding levels is making it very difficult for States and school districts to plan effectively for the coming school year, which will witness the arrival of almost 1 million new students in the Nation's public and private schools. Though the schedule varies somewhat from State to State and district to district, most decisions regarding the hiring of staff and signing contracts for educational services are made several months before the school year begins, usually in early spring. This year State and local officials are beginning to make those decisions without knowing the level of funds they will

EA 027668

BEST COPY AVAILABLE

receive from Federal education programs.

This planning problem is compounded by the second factor: the real possibility of large, devastating cuts in funding for major programs. The 1996 appropriation levels approved last year by this Subcommittee and by the House of Representatives reflect reductions of 9 and 15 percent, respectively, from the 1995 level. As for the Continuing Resolution, we might want to consider renaming it, because at $2.5 billion or 10 percent below the 1995 level it would significantly reduce or end -- rather than continue -- many educational services if allowed to operate through the end of the fiscal year. The bottom line for State and local officials is that while they're uncertain about precise funding levels, they're increasingly certain that these levels will be significantly below those of last year, and accordingly they have to plan for the worst-case scenario.

## Impact on the Department

Let me give you a few examples of how these two factors -- planning problems and the prospect of deep cuts -- are affecting both the Department of Education and the people we serve. First, the Department suffers from the same planning uncertainties faced by State and local officials. As the fiscal year progresses, the pressure is growing on senior Department officials to make the thousands of decisions involved in delivering formula grant funds and running competitive grant programs. These officials are reluctant, however, to make what we call "point of no return" decisions until full-year funding levels are determined.

The Department normally makes most of its new awards -- particularly for competitive grant programs -- late in the fiscal year. Staff involved in the award process learn never to make personal plans for September 30, no matter what day of the week it is. This year we are very concerned that no matter how heroic our efforts, we won't be able to finish making awards before the end of the fiscal year.

## Undermining Purpose of Forward-funding

At the State and local levels, the current budget situation has effectively undermined the longstanding practice of forward-funding Department of Education programs. As you know, Congress developed the forward-funding mechanism over the years in a bipartisan effort, strongly supported by State and local officials, to help grant recipients plan for the effective use of Federal funds by informing them of their allocations several months in advance. This advance notice improves the effectiveness of education programs by promoting coordinated funding and close cooperation from Federal, State, and local authorities.

The State of California provides a good example of how school districts must develop their budget and hiring plans several months before the beginning of the school year. California State law requires districts to notify teachers by March 15 if they will be retained for the following school year. This makes it essential for California schools to know the amount of Federal funding they can expect, and forward-funding makes this information available when it is needed. If Federal funds allocated for teacher salaries are cut, however, California still must pay its teachers, a burden that could break already stretched State and local budgets.

Another point that I hope you will keep in mind is that careful planning and coordination of Federal, State, and local resources has been a central focus of all our recent education reform legislation. We have encouraged States and school districts to develop comprehensive plans that combine resources from all levels, avoid duplication of effort, and efficiently meet the needs of schools and students. It is very

difficult for State and local officials to accomplish this, however, when one partner -- in this case the Federal government -- proves to be unreliable.

## States and Schools Threatened by Deep Cuts

The prospect of deep cuts in Federal support for education is beginning to hit home at the State and local levels. A recent *New York Times* article reported on the preliminary budget for New York City schools presented last month by Mayor Rudolph Giuliani, who proposed a $181 million cut in city education funding. This cut, combined with the expected $247 million reduction in State funding and the estimated $189 million loss in Federal support under the 1996 CR, puts the New York City schools in what the State education commissioner called a "three-way squeeze."

The result would be an overall reduction of $617 million in the school system's $7.5 billion annual budget -- at a time when enrollment is expected to increase by 20,000 students and a new chancellor is pledging to raise standards to improve the system's performance. State Education Commissioner Richard Mills described the context of these projected cuts as "particularly horrendous" because they come "at a time when we need to lift performance."

## Title I Hit Hard

Our own estimates suggest that this story may be repeated in many school systems across the Nation. The Department's largest elementary and secondary education program -- Title I Grants to Local Educational Agencies -- would lose $679 million, or 10 percent, under last year's Senate full committee mark, or as much as $1.1 billion, or 17 percent, under the 1996 House appropriations bill. The current, formula-based CR -- if extended to the end of the fiscal year -- would mandate the same $1.1 billion reduction called for in the House bill, and it is this possibility that superintendents and school boards are now forced to consider as they plan for the coming school year. A cut of this magnitude could eliminate Title I support for an estimated 9,700 schools, deny extra help in reading and math to more than 1 million children, and force districts to fire nearly 50,000 teachers and teacher aides.

In Boston, for example, school officials had to submit their draft budget for next year four weeks ago. Teachers must be notified May 15 of any layoffs next fall, or else they must be paid for the entire year. Without a final 1996 appropriation, the city is currently forced to adopt a worst-case scenario involving teacher layoffs and the elimination of Title I services at 14 of its 79 Title I schools.

In Philadelphia, the school system would lose over $13 million in Title I funds under the CR. This could result in the elimination of nearly 300 teacher and assistant positions, as well as cuts in services -- such as reading improvement programs and classroom textbooks -- to more than 45,000 students.

Hinds County Schools in Raymond, Mississippi could lose $200,000 in Title I funds. The district must notify teachers of employment by March 14, and will likely release 10 teachers and eliminate services to about 10 percent of students currently receiving services.

Monroe County, West Virginia receives 25 percent of its district budget from Federal funds. The district will announce teacher contracts by April 1, and it currently plans to lay off 15-20 teachers in six schools. New initiatives would be eliminated, including a joint Title I/Head Start project aimed at helping prepare the youngest children for school.

And as with New York City, these cuts would come at a time when we have been taking advantage of

changes made in the 1994 reauthorization to improve teaching and learning and raise standards for children receiving Title I services. In particular, we have made substantial progress in cutting red tape and helping schools and communities tailor Federal Title I support to meet their specific educational needs. Drastic cuts in Title I funding could fatally undermine this progress -- replacing the current push for higher standards with confusion, anger, and frustration.

Reductions in Title I funding also would undermine other important education reform efforts, including the Goals 2000 and School-to-Work programs. Thousands of schools are now using Goals 2000 funds to help implement their own improvement initiatives to raise academic standards, and 27 States are implementing their school-to-work systems aimed at preparing young people for both employment and further education. Both of these initiatives are designed to provide schools with the money they rarely have to improve themselves, to set high standards, and to focus comprehensive efforts to achieve these standards. Restoring funding for Title I and other critical programs to at least the 1995 level is therefore essential for maintaining the nationwide momentum toward high standards and improved student achievement.

## Safe Schools at Risk

Another critical area that would be hit hard under the House and Senate committee bills is the Safe and Drug-Free Schools program. With 72 percent of Americans reporting that drugs and violence are serious problems in their local schools, I believe this program has a special urgency. We cannot hope to reach higher academic standards unless we improve discipline and reduce violence and drug abuse in our classrooms. Unfortunately, both the House and Senate would slash Safe and Drug-Free Schools funding by $266 million or nearly 60 percent, sharply reducing the dollars available to help communities increase the number of police officers in schools, install metal detectors, and teach conflict resolution skills to students.

This 60-percent cut translates into the loss of $10 million to Pennsylvania, $4.3 million to Missouri, $3.4 million to Mississippi, $2.1 million to Iowa, $3.1 million to South Carolina, and $2.4 million to Arkansas.

A 1995 study showed that students participating in drug prevention programs were less likely to use drugs and alcohol, less likely to resort to violence to resolve problems, and less likely to be arrested. The Safe and Drug-Free Schools program supports efforts like these in 97 percent of all school districts. This program is a key to fulfilling an essential government responsibility -- protecting our citizens -- and to meeting the National Education Goal of ensuring that every school offers a safe, disciplined environment conducive to learning.

At a time when violence threatens so many of our classrooms and drug use among young people is rising, it is hard to understand why anyone concerned with the health and safety of our children would send the signal of retreat implicit in the 60-percent cut for Safe and Drug- Free Schools.

## Further Cuts Go Straight to Classroom

I understand the difficulties you face, Mr. Chairman, in your efforts to find more resources for education. The majority of 1996 appropriations bills have already been signed, and many other activities -- including critical parts of the Labor-HHS-Education bill -- have been protected by language in the continuing resolutions. Nevertheless, I urge you to keep looking. The alternative would leave State and local administrators -- and ultimately teachers, parents, and students -- in dire straits.

I want to emphasize here that it is not possible to absorb cuts of this magnitude through "economies of administration," or the elimination of waste and abuse, or by taking advantage of technological improvements. Cuts like these go straight to the classroom.

One of the reasons for this is that we have already undertaken comprehensive efforts -- through the National Performance Review and various reauthorization proposals -- to target scarce resources on those Federal activities that have a direct impact on improving teaching and learning in the classroom. We have sought to eliminate, phase out, or consolidate programs that do not meet this test. For example, our 1996 budget proposal called for terminating or consolidating 68 programs, or almost 30 percent of the total number of programs administered by the Department. Congress has accepted many of our proposed eliminations, and the latest CR specifically terminates several of these programs. I expect further such eliminations when the final appropriation is completed.

As for administrative efficiency, the Department of Education already has an impressive record of doing more with less. Our current staff of 5,000 is one-third smaller than the 7,700 employees who administered Federal education programs in several different agencies prior to the Department's creation in 1979. This reduction has helped limit administrative costs to just 2 percent of our budget, allowing us to deliver 98 cents on the dollar in education assistance to States, school districts, postsecondary institutions, and students.

I would also point out that nearly one-third of our staff is involved in what I would characterize as law enforcement activities, including the investigation of fraud and abuse in education programs, the enforcement of our Nation's civil rights laws, and protecting the integrity of the $35-billion Federal investment in postsecondary student financial aid.

We are continuing to reduce the size of our staff as part of the Administration's streamlining plan, and we have imposed additional restrictions on administrative spending to reflect the salaries and expenses reduction under the CR.

The story is similar at the State and local levels: most Federal education dollars fund services to students. For example, States may use no more than 1 percent of their Title I funds to pay administrative costs, and at the school district level just 4 percent of Title I funds go to salaries for administrators. Overall, according to the General Accounting Office, States retain about 6 percent of Federal education funds, with many of these dollars used for non-administrative activities such as teacher training and technical assistance. At the postsecondary level, colleges and universities use only 1 percent of Federal postsecondary education spending for program administration.

## The President's Goals for Education

The funds available for Department of Education programs under the current House Floor and Senate Committee bills, as well as the amounts provided under the current continuing resolution, are simply inadequate in the face of the task confronted by parents, teachers, and schools in educating the next generation of Americans. Rising enrollments, the drive to reach higher standards of academic excellence, demands for a more highly skilled workforce, and the need for lifelong learning opportunities -- all of these make protecting the Federal investment in education an absolute necessity.

To achieve this goal, we are seeking sufficient discretionary budget authority in 1996 to maintain overall support for Department of Education programs at the 1995 level and to raise the maximum Pell award to $2,620. One way to help meet this goal would be to use about $400 million of the surplus funding for Pell

Grants to help bring other programs to their 1995 level. This level would be $3.7 billion more than the $20.8 billion provided in the bill that passed the House last summer and $2.4 billion over the Senate Committee-passed bill of $22.1 billion.

I understand that OMB has shared our list of priority programs with you. Let me mention three of these for which we urge the Congress to provide specific amounts: At least $446 million for raising academic standards through Goals 2000, well below the amount requested in the 1996 President's budget; $7.3 billion for improving basic skills through the Title I account, an increase over 1995 of just under $100 million or 1.3 percent; and $466 million for Safe and Drug-Free Schools, a level even with 1995.

To reach the President's goals for education, and to meet the needs of the other agencies represented here today, the President has proposed a list of offsets for the consideration of Congress. I urge the members of this Subcommittee to work with the House and with the Administration to find these extra dollars for education. The alternative would result in devastating cuts that would be felt in virtually every classroom -- a step in the wrong direction that America cannot afford to take.

-###-

---

[Return to Speeches and Testimony ] [Return to ED Homepage]

---

*Last Updated -- March 5, 1996, (pjk)*